

# Affordable Housing

Section 221(d)(3), 221(d)(4), and 207(m)

U.S. Department of Housing and Urban Development



Are you interested in keeping rents affordable by stretching your cash flow as far as it can go? FHA mortgage insurance can be the key to financing larger loans without increasing rents. FHA's generous terms allow you to amortize your debt over longer periods, access extremely low interest rates with tax-exempt bond financing, and utilize tax credits.

## Program Features

- "AAA" Bond Rating  
FHA-insured loans may be sold to Ginnie Mae, which secures a "AAA" rating for bond financing and correspondingly low interest rates.
- Longer Amortization Factor  
FHA insured loans may be amortized over 40 years, with no balloon payments.
- High Loan to Value Ratios  
Non-profit sponsors may borrow up to 100% of the value.  
Profit-motivated sponsors may borrow up to 90% of the value.
- Low Debt Coverage Ratios  
FHA allows non-profit sponsors to use up to 95% of project cash flow for debt (1.05 Debt Service Coverage).  
FHA allows profit-motivated sponsors to use up to 90% of project cash flow for debt (1.1 Debt Service Coverage).
- Low Annual Cost  
FHA's annual MIP is just 0.5% of the outstanding loan balance.
- Can be combined with tax credits, and other local and federal funding sources
- Construction and permanent financing combined in one loan
- Non-Recourse Loans  
No risk to personal assets of borrowers.
- Fully Assumable Loans

March 2000



## For More Information:

Visit Our Website at [www.hud.gov/local/sea/mfh/seamfhpg.html](http://www.hud.gov/local/sea/mfh/seamfhpg.html)

Contact a Community Builder

**Alaska** (907) 271-4170   **Idaho** (208) 334-1990   **Oregon** (503) 326-2561  
**Seattle** (206) 220-5104   **Spokane** (509) 353-0674

